

**Small Private Water and Sewer Company
Revolving Loan Fund Program**

NOTE AND LOAN AGREEMENT

\$ _____, Missouri
_____, 199 _____

For value received, _____,
(a Missouri corporation) (a sole proprietorship), ("Borrower") promises to pay to the
order of the State Environmental Improvement and Energy Resources Authority of the
State of Missouri ("Lender"), a body corporate and politic and a governmental
instrumentality of the State of Missouri, the principal sum of _____ Dollars
(\$ _____) (or such lesser amount as shall have been disbursed by Lender under
the terms hereof), together with interest, as hereinafter set forth.

Lender commits to make a loan to Borrower in one or more disbursements from
time to time during the period commencing on the date of execution hereof and ending at
the close of business on the first anniversary of the such execution date. (The from time
to time outstanding principal amount of all disbursements is referred to herein as the
"Loan"). The obligation of Borrower to repay the Loan is evidenced by this Note and
Loan Agreement. Amounts applied to reduce the Loan may not be reborrowed by
Borrower.

Borrower shall repay the Loan in consecutive payments of principal and interest
as follows:

Borrower shall pay principal and interest in _____ (____) payments in
equal installments of _____ Dollars
(\$ _____), monthly commencing on _____, and
on the tenth day of each calendar month thereafter through and including
_____, with a final installment in the amount of the remaining
outstanding principal balance and all accrued interest thereon being due on
_____.

Interest payable hereunder shall be calculated from the date hereof on the balance
of said principal from time to time outstanding at a per annum rate equal to ____ percent
(____%). Such interest shall be computed on the basis of a year deemed to consist of
360 days of twelve 30 day months and paid for the number of days elapsed.

Both principal and interest are payable to Lender in care of the bank or other
institution from time to time designated by Lender as the Custodian (the "Custodian") for
the Small Private Water and Sewer Company Revolving Loan Fund Program described
herein. The Custodian and its address on the date hereof is set forth below in the
paragraph hereof pertaining to notices. Lender will notify Borrower upon any change of

the Custodian and its address. After receipt of such notice, all payments by Borrower hereunder shall be made to such new Custodian.

This Note and Loan Agreement (this "Agreement") is issued as contemplated pursuant to the Small Private Water and Sewer Company Revolving Loan Fund Program (the "Program") of Lender and the Missouri Public Service Commission (the "PSC"), an agency of the State of Missouri. In accordance with the requirements of the Program. Borrower hereby agrees that the proceeds of the loan evidenced by this Agreement shall be used solely to acquire, construct, reconstruct, enlarge, improve, furnish and equip Borrower's water facilities or sewage facilities within its service area, and for the purposes specified in the PSC order authorizing the Borrower to enter into this Agreement. Borrower hereby represents and warrants to Lender and the PSC that, as of the date hereof, Borrower is a water or sewer utility company regulated by the PSC pursuant to Chapters 386 and 393 R.S. Mo., providing service within Missouri and having fewer than 500 customers.

Borrower agrees that all disbursements of principal evidenced by this Agreement shall be made to the order of both the Borrower and the Vendor or Contractor for the Borrower as designated on the Requisition to be provided by the Borrower, as described herein, and shall be subject to the approval of the PSC Water and Sewer Department. Borrower agrees to submit a Requisition for Disbursement to the PSC Water and Sewer Department in the form attached hereto as Exhibit A (at the address provided in such Requisition), which Requisition shall include a certification by Borrower that:

- (i) all representations and warranties made hereunder remain true and correct in all material respects;
- (ii) there have been no material adverse changes in Borrower's business, operations or financial condition since the date hereof;
- (iii) there exists no Default hereunder;
- (iv) no receiver has been appointed for Borrower, and Borrower is not insolvent (however evidenced), and Borrower has not commenced nor had commenced against it any proceeding in bankruptcy or any proceeding relating to any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute;
- (v) Borrower's project financed hereunder is in compliance with all statutes, regulations, ordinances, rules and laws relating thereto.

Each such Requisition shall be accompanied by such supporting materials as the PSC Water and Sewer Department may reasonably request, including without limitation:

- (i) a written request by Borrower requesting approval of any necessary changes in the project; (ii) all relevant invoices; (iii) copies of subcontracts, reports and other documents relating to construction of the project not previously delivered; and (iv) any other documents, certificates or reports requested by Lender.

Disbursements shall be made not more frequently than monthly for costs that will be incurred by Borrower in connection with the construction and operation of the project and Lender shall not be obligated to make disbursements hereunder until the PSC Water and Sewer Department shall have notified Lender (or Lender's designated disbursement agent) of the amount of the disbursement which has been requested and that the PSC Water and Sewer Department has approved such request. No disbursement will be made which would result in the Loan exceeding the principal sum provided herein. No disbursement will be made after the first anniversary of the date hereof.

Borrower may prepay the outstanding principal amount under this Agreement in whole or in part from time to time without penalty, provided that Borrower first pays on such prepayment date all accrued and unpaid interest. Partial prepayments shall be applied to principal payments due hereunder in the inverse order of their maturity, and no partial prepayment shall reduce the aggregate amount of any amortizing payment (other than the final such payment).

The date and amount of all disbursements and receipts representing principal and receipts of principal and interest by Lender with respect to this Agreement shall be recorded by the Custodian in the records it maintains with respect thereto. The failure to record, or any error in recording, any of the foregoing shall not, however, affect the obligations of Borrower under this Agreement to repay the principal amount advanced hereunder together with all interest accruing thereon.

Upon the occurrence of any Default hereunder, the principal hereof and all accrued interest thereon, at the option of Lender, shall become and be immediately due and payable. As used herein, the term "Default" shall mean: (i) the failure of Borrower to pay when due any payment of principal or interest as provided hereunder, or (ii) any representation of warranty made hereunder having been untrue when made, or (iii) the failure of Borrower to comply with any covenant or agreement made hereunder.

Upon the occurrence of a Default hereunder, Borrower agrees to cooperate fully with Lender and the PSC in the event the PSC takes action under Section 393.145 R.S. Mo. Supp. 1991.

If any amounts owing under this Agreement shall not be paid as herein provided and this Agreement shall be placed in the hands of an attorney for collection. Borrower hereby promises to pay the reasonable fees and expenses of such attorney in addition to the full amount due hereon, whether or not litigation should be commenced.

Demand for payment, protest, notice of dishonor, and all other notices and demands under this Agreement and any and all lack of diligence in the enforcement of this Agreement are hereby waived by all who are or shall become parties to this Agreement and the same hereby assent to each and every extension or postponement of the time of payment, at or after demand, or other indulgence, and hereby waive any and all notice thereof.

No amendment, modification or waiver of any provision of this Agreement, nor consent to any departure by Borrower herefrom, shall be effective unless the same shall

be in writing signed by an authorized officer of Lender, and then only in the specific instance and for the purpose for which given. No failure on the part of Lender to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by Lender of any right under this Agreement preclude any other or further exercise thereof, or the exercise of any other right. Each and every right granted to Lender under this Agreement or allowed to it at law or in equity shall be deemed cumulative and such remedies may be exercised from time to time concurrently or consecutively at Lender's option.

All notices and other communications required or permitted under this Agreement shall be in writing and either mailed (certified or registered), or sent by courier:

If to Borrower:

Attention: _____

If to Lender:

Custodian, Small Private Water and Sewer
Company Revolving Loan Fund Program
First Bank
Trust Department
383 Lamp & Lantern Village
Chesterfield, MO 63017
Attention: Donald Fitzgerald

with a copy to:

Missouri Public Service Commission
Water and Sewer Department
P.O. Box 360
Jefferson City, Missouri 65102
Attention: Bill Sankpill

or, as to each party, at such other address as shall be designated by such party in a written notice given to the other party as provided herein. All such notices and communications shall be deemed given at the time when actually received at the address of the party to whom directed as specified in this Section.

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of Missouri.

Borrower

By:_____

Name:_____

Title:_____

STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY

By_____
Chairman

ATTEST:

Secretary

Missouri Public Service Commission
Manager, Water and Sewer Department
P.O. Box 360
Jefferson City, MO 65102

REQUISITION FOR DISBURSEMENT

Company Name:_____

Address:_____

Telephone No._____

The named Company hereby requests disbursement of the proceeds of the loan authorized in Public Service Commission Case No. _____ in the following amounts to the following payees:

Vendor or Contractor

Amount

The Company through its authorized agent states:

- (i) All representations and warranties made in company's note and loan agreement with EIERA remain true and correct in all material respects;
- (ii) There have been no material adverse changes in Company's business, operations or financial condition since the date of the note and loan agreement;
- (iii) There exists no default under the note and loan agreement;
- (iv) No receiver has been appointed for Company, and Company is not insolvent (however evidenced), and Company has not commenced nor had commenced against it any proceeding in bankruptcy or any proceeding relating to any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute;
- (v) Company's project financed under the note and loan agreement is in compliance with all statutes, regulations, ordinances, rules and laws relating thereto; and
- (vi) Company has attached true and correct copies of invoices relating to expenses incurred for the project and for which Company is hereby seeking a disbursement.

THE UNDERSIGNED HEREBY STATES AND CERTIFIES THAT THIS REQUEST FOR DISBURSEMENT INCLUDING ALL ATTACHMENTS HERETO ARE TRUE AND CORRECT.

Date: _____

Company Name:_____

Agent's Name and Title:_____

Agent's Signature:_____

The Water and Sewer Department of the Missouri Public Service Commission, having reviewed this Request for Disbursement and the attached invoices, hereby approves this Request for Disbursement and requests First Bank to make a disbursement of principal in the amount(s) listed above payable to the order of both the Company and the vendor(s) or contractor(s) listed above.

Date: _____

Manager, Water and Sewer Department
Missouri Public Service Commission